

**From:** Bushong, Linda (MDE) **On Behalf Of** Leikert, Howard J (MDE)  
**Sent:** Friday, August 12, 2011 4:58 PM  
**To:** MDE-SchoolNutrition  
**Subject:** Community Eligibility Option Information

We have now posted information on our website at [www.michigan.gov/schoolnutrition](http://www.michigan.gov/schoolnutrition) for schools interested in participating in the Community Eligibility Option (CEO). On the School Nutrition website, the box titled "Community Eligibility Option" has links to the information described below. The CEO will allow schools/districts with a direct certification rate of 40% or more to serve ALL students in participating schools FREE lunches AND breakfasts. We recommend you taking the following steps to determine your eligible school(s) for participation, and if this is a good choice for your district:

- 1) Read United States Department of Agriculture (USDA) Information on the CEO – The following is a link to the original information USDA sent out regarding this option:  
[http://www.michigan.gov/documents/mde/ceo\\_usda\\_fact\\_sheet\\_360690\\_7.pdf](http://www.michigan.gov/documents/mde/ceo_usda_fact_sheet_360690_7.pdf). This will give you good background information on the CEO.
- 2) Review USDA Question and Answers – you may want to read this and print it out to have it handy as you go through the rest of this process. It may also answer some of your questions from reading the guidance above. There is also IMPORTANT guidance on how participation in this option will impact the federal and state funding that uses free and reduced meal application data. Here is a link to this document:  
[www.michigan.gov/documents/mde/CEO\\_Question\\_and\\_Answer\\_Document\\_-\\_ts\\_final\\_360733\\_7.doc](http://www.michigan.gov/documents/mde/CEO_Question_and_Answer_Document_-_ts_final_360733_7.doc).
- 3) Determine Eligibility of Schools – To begin, print out the following file:  
[www.michigan.gov/documents/mde/Determining\\_Eligibility\\_for\\_CEO\\_-\\_ts\\_final\\_360739\\_7.doc](http://www.michigan.gov/documents/mde/Determining_Eligibility_for_CEO_-_ts_final_360739_7.doc). This information will help you manually calculate the necessary information along with help on using our "CEO Michigan Calculator"  
[www.michigan.gov/documents/mde/CEO\\_Michigan\\_Calculator\\_Final\\_360748\\_7.xls](http://www.michigan.gov/documents/mde/CEO_Michigan_Calculator_Final_360748_7.xls) The first tab of this Excel spreadsheet "**Identified Student %**" will help you calculate your direct certification rates (# of identified students/enrollment) for your buildings. There is a variety of ways you can qualify schools for CEO (by building, by group of buildings, or by entire district). **You may use the data from the 2011 LEARS Verification Summary report or use data as of April 1, 2011, for this page.** We encourage you to determine which method (LEARS or April 1) will give you the HIGHEST percentage as this number has the potential of being in place at your district for four years. It will help insure the highest percentage of claimed FREE meals. The minimum direct certification rate for any school, combination of schools, or the entire district is 40%.

- 4) Meal Claims Under CEO – Under CEO, participating schools will not count meals by category (free, reduced, and paid), only the total meals served. Once the direct certification rate(s) have been established, they will be multiplied by a factor of 1.6. The result of this calculation(s) will be the percentage of meals you can claim as free, the remainder will be claimed as paid. For example, a school/district with a direct certification rate of 50% will claim 80% ( $50\% \times 1.6$ ) of meals served as free and 20% of the meals served as paid. In this example, if 1,000 meals were served over the month, the school/district would claim 800 meals as free ( $80\% \times 1,000$ ) and 200 meals as paid (20%). At a direct certification rate of 62.5% or higher, all meals will be able to be claimed as free ( $62.5\% \times 1.6 = 100\%$ ).
- 5) Financial Impact – If you have gone through the above steps, have at least one school that qualifies for CEO, and are still interested in participating in the CEO, you now need to determine the financial impact of changing to the CEO. To calculate the total revenues under our current (“Actual”) claiming system and the CEO, you will need to fill in all of the data requested on the **“Data”** page of the Michigan Calculator for the schools that you want to participate. Note: The identified student numbers and enrollment pull forward from the prior **“Identified Student %”** worksheet. Make sure the data is ONLY for the schools that you want to participate. After filling in all of the meal counts and meal prices for the schools that you want to include in the CEO, check the **“Calculations”** page. While this page has a lot of information you can evaluate, the middle and bottom part of the right side of the page includes important financial information. It shows reimbursement and revenue totals when using the current “Actual” method of reimbursement compared to the total estimated reimbursements from CEO. You may want to try different combinations of schools/groups before making final decisions on which schools should participate. WE STRONGLY ENCOURAGE YOU TO COMPLETE THIS PROCESS TO DETERMINE THE FINANCIAL IMPACT ON YOUR FOOD SERVICE PROGRAM. Schools that will qualify for 100% free meal reimbursement (62.5% or higher direct certification rate) will come out with favorable revenue totals. Districts with direct certification rates between 40% and 62.5% (along with the corresponding free meal reimbursement rates of between 64% and 100%), may not benefit financially from the CEO option. However, there is more to the CEO than just total revenues. There is potential for increased participation and revenues along with reduced costs. Take this into consideration when determining your participation in the CEO. Plus it is just a great option for students. The stigma of being a free or reduced student at participating schools will be eliminated – ALL students will eat for free.
- 6) Sign Me Up – All of the above steps have been completed and you want to participate in the CEO. MDE will require two documents from your district. The first is a relatively simple agreement document:

[www.michigan.gov/documents/mde/CEO\\_Participation\\_Form\\_and\\_Agreement\\_-\\_360764\\_7.doc](http://www.michigan.gov/documents/mde/CEO_Participation_Form_and_Agreement_-_360764_7.doc). The second is an Excel spreadsheet: [www.michigan.gov/documents/mde/Copy\\_of\\_CEO\\_Eligibility\\_Worksheet\\_-\\_final\\_360746\\_7.xls](http://www.michigan.gov/documents/mde/Copy_of_CEO_Eligibility_Worksheet_-_final_360746_7.xls). Note: You will be able to choose if you want to participate by individual buildings, by a group of buildings, by a combination of individual and group buildings, or by entire district. Please PDF the signed agreement page, attach the Excel Spreadsheet, and email to [mde-schoolnutrition@michigan.gov](mailto:mde-schoolnutrition@michigan.gov). Once approved, you will receive confirmation from MDE regarding your participation.

We realize this is a lot of information with little time to make a decision on this exciting opportunity. However, when USDA offered us this opportunity, we didn't want a tight timeline and some extra work from stopping us from offering this option to our schools and students. Please thoroughly review all of the information available at our website. If you do have questions, reply to this email. We may not be able to respond to each individual question; however, we will send periodic answers to FAQs. Please carefully evaluate this exciting option. We have set a date of September 15, 2011, as the due date for applying for this option.

Thank you for your time and interest. We look forward to hearing from schools choosing to participate in the CEO!

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[www.mel.org](http://www.mel.org)